

July 31, 2002

DONNA MORTON et al., PETITIONERS
Request for Waiver of the Basic Service
Calling Area Rule, Chapter 204

RECOMMENDED
DECISION

This document contains the recommendation of the Commission staff. Even though it is in the form of a Commission order, it does not constitute action by the Commission. Interested persons may file responses or exceptions to this recommendation on or before August 12, 2002. It is expected that the Commission will consider this recommendation at its Deliberative Session on August 19, 2002.

I. SUMMARY

In this Order we grant, in part, petitioners' request for expansion of their Basic Service Calling Area (BSCA). We direct Maine Telephone Company, Standish Telephone Company, and Verizon-Maine (Verizon) to expand the BSCA of the Casco, Raymond, Naples, Sebago, and Bridgton exchanges to include local calling to and from each of those exchanges (see Attachment A, §3 for complete list of exchanges and BSCA options).¹ The expanded BSCA will allow the listed exchanges to call all of the municipalities in SAD 61 (Lakes Region School District).² We direct UI and Verizon to file tariffs within ninety days of the date of this Order, with proposed rates, implementing this BSCA change.

¹ As Maine Telephone and Standish Telephone are part of the same company, Utilities, Incorporated, we will refer to both companies collectively as "UI."

² The Harrison exchange, contiguous to the Bridgton exchange, serves a very small portion of the municipality of Bridgton, but the petitioners have always requested calling area expansion on the basis of municipalities, particularly those that are part of the school district. Because it would be necessary to add the whole of the Harrison exchange to the BSCAs of four other exchanges in order to include only the very small portion that serves a small portion of Bridgton, we have not included the Harrison exchange in the BSCA expansions ordered herein. We note

II. BACKGROUND

On October 30, 2001, the Commission initiated a case in response to a petition requesting a waiver of the Commission's BSCA Rule (Chapter 204).³ Petitioners (Donna Morton as lead petitioner) request expansion of the BSCA for the following exchanges: Casco, Naples, Sebago, Raymond, and Bridgton. The request states that all exchanges in the Lake Region School District (SAD 61) should be included in each other's toll free calling area; adjacent (contiguous) exchanges should be included in the toll free calling area; and the exchanges should have toll free access to communities that provide services not available in their rural area, in this case the exchanges of Portland and Windham. Maine Telephone Company, Standish Telephone Company, and Verizon Maine (UI and Verizon) serve the initiating and receiving exchanges. On October 30, 2001, the PUC Chair and Commission Staff were present at a public meeting in Casco where many persons from the surrounding communities reiterated the desire for an expanded BSCA to include School Administrative District 61 (SAD 61), neighboring towns and other service centers.

Subsequent to the public meeting, the Commission received letters from a State Senator, a State Representative, area Town Managers, and many residents of the area supporting the requested expansion. Many of the writers specifically stated that their community of interest is

that the Bridgton exchange is already part of the Harrison exchange's BSCA and that Harrison will be added to the Naples and Casco exchanges if we adopt the proposal in the rulemaking to add contiguous exchanges.

³ On November 11, 2000, the lead petitioner, Donna Morton submitted over 650 signatures supporting changes to the calling area of the Casco region. Initially, this petition was filed in support of proposed changes to the BSCA rule, Chapter 204 (Docket No. 2001-865).

the four towns that comprise the Lakes Region School District (SAD 61), and that the community is a social and economic community as well as an educational community.

On December 7, 2001, Staff issued two data requests, one to UI and one to Verizon, asking for information regarding call volumes and the revenue implications of the requested BSCA expansion. All companies requested and received extensions of time to submit the requested information. On March 29, 2002, UI and Verizon provided confidential responses to the data requests pursuant to a Protective Order issued April 5, 2002.

The UI response showed call volumes to the requested exchanges that were too low to satisfy the criterion in the BSCA rule, which requires that 50% of the subscribers of one exchange must make four or more toll calls to another exchange per month to qualify for BSCA expansion. Based on the revenue impacts for the studied exchanges, UI estimated take rates and monthly rate increases to partially cover the decreased toll and access revenues. UI proposed increases to the Economy and Premium Option rates, although the Premium increase was higher than the Economy increase.

Verizon's response also showed very low call volumes from its Bridgton exchange to the other UI Lakes Region exchanges. Verizon estimated high monthly rate impacts based on a very low option take rate.

Both UI and Verizon suggested in their data responses that this case could be subsumed in the BSCA rulemaking in progress, as many of the requested expansions would be added by operation of the proposed changes to the rule. The OPA and lead petitioner submitted documents opposing that suggestion.

On June 13, 2002, Commission staff conducted a Technical Conference at the request of the Public Advocate. Attending the conference were representatives of UI, Verizon, the Public Advocate, Saco River and Pine Tree Telephone, and the Telephone Association of Maine (TAM). Also attending was David Morton, Town Manager of Casco, and Neal Allen, resident of the Town of Sebago.

III. DECISION

We agree with the Companies that the proposed changes in Chapter 204 could address many of the petitioners' concerns. The deadline for that rulemaking (recently extended) is clearly beyond the time within which the petitioners have requested action. We therefore have decided to address this petition separately. We note that we are concerned about the low call volumes between the exchanges in this expansion, but we believe that the quantity of signatures, emphatic meeting attendees, and supporting letters indicate the strong desire of the community. We also realize that there is other factors that may influence low call volume results such as, cellular telephone use, presubscription to non-Verizon toll plans (i.e. competing companies and pre-paid calling cards), and self-imposed restrictions on toll use by households.

The Commission finds that a strong community of interest exists for the area that comprises the Lakes Region and Lakes Region School District.⁴ Petitioners have repeatedly

⁴ On May 7, 1996, in John Ray, et al., v. New England Telephone Company d/b/a NYNEX. Request for Commission Investigation into Whether the Cities of Bridgton, Casco, Naples, and Sebago Become One Local Calling Area, Docket No. 95-118, the Commission dismissed a similar request for this area (SAD 61) to be one local calling area, stating that developing Premium calling areas based on only one criterion, such as School Administrative Districts, does not necessarily reflect the complete community of interest.

stated that the connection to the school district was the most important facet of their request.

Mr. Morton stated at the Technical Conference, “Our community is the Lake Region School District and encompasses four towns . . . Sebago, Bridgton, Naples, and Casco.” Mr. Allen stated:

[T]here are the four communities that are closely bound because of many different reasons, the school district being one, but economically and socially.

So, it's not just kids getting on the telephone at night talking to one another. There are small business relationships; there is a lot of social back and forth, coordination of kids and coordination of community event and that sort of thing.

While other issues were present in this case, such as the ability to call friends and neighbors and access to service centers such as Windham and even Portland (27 airline miles away from Casco) – we believe that the community defined by the school district is the most prominent and distinct, and allows for an affordable expansion. We conclude that the information presented to us by the petitioners and the companies demonstrates that a sufficient community of interest exists for the area known as the “Lakes Region,” which is comprised of the municipalities that are members of the Lakes Region School District. We therefore approve, in part, the request for waiver of the BSCA rule.

We direct Maine Telephone Company, Standish Telephone Company, and Verizon-Maine to expand the BSCA of the Casco, Raymond,⁵ Naples, Sebago, and Bridgton exchanges to include calling to and from each of those exchanges (see Attachment A, §3 for a complete list of exchanges and BSCA options). We direct Maine Telephone Company, Standish Telephone Company, and Verizon-Maine to file tariffs that will implement this BSCA change within ninety

⁵ The Town of Raymond does not participate in SAD 61. However, the Raymond exchange of Maine Telephone Company serves more than half of the Town of Casco, which does participate in SAD 61.

days of the date of this Order, with revised proposed rates for economy and premium calling⁶ from each of the five exchanges. Maine and Standish should recommend rates based on the information provided in its data request response, recognizing that we are granting a smaller and slightly different BSCA expansion than that which the companies studied. Verizon should recommend rates for the Bridgton exchange that follow the guidelines of Chapter 204 and should consider the increased rate group size. The companies should also recognize that there are rate design implications of the proposed changes to Chapter 204, which are likely to be adopted. Finally, Standish and Maine Telephone Companies should be aware of and take into account the requirements of Chapter 288 of our Rules (High Cost Universal Service Fund). Both companies stated at the Technical Conference that it is almost certain that they will apply for state universal service funding under following their next rate cases. The Rule provides as a condition of receiving USF that the recipient LECs establish rates that are no less than those of Verizon for equivalent calling areas.

Submitted by,

Peter G. Ballou
Presiding Officer
On Behalf of Commission Staff

⁶ The Companies should not file a special, third rate (e.g., "Premium Plus") for these exchanges, as the data indicates that such a rate would be extraordinarily high because, at least at present under the existing rate structure, relatively few customers make a large number of calls within the five exchanges.